Ministry of Finance

Annual Report 1984

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British Columbia

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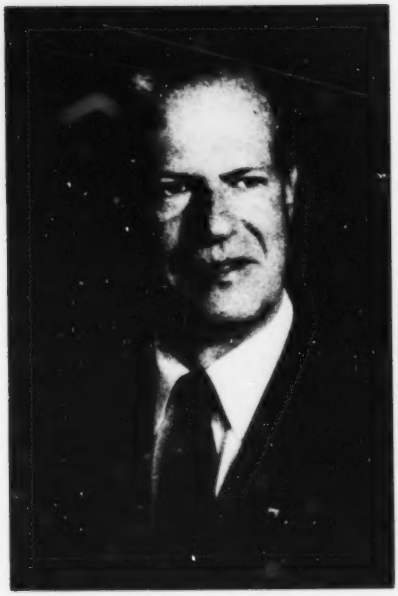
Ministry of Finance



Honourable Hugh A. Curtis, Minister

Annual Report

For the year ended December 31, 1984

Province of
British Columbia

The Honourable Robert G. Rogers
LL.D.
Lieutenant Governor of the
Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

I have the honour, Sir, to submit the Annual Report of the Ministry of Finance for the year ended December 31, 1984.

Hugh A. Curtis
Minister of Finance

The Honourable Hugh A. Curtis
Minister of Finance
Parliament Buildings
Victoria, British Columbia

Sir:

I have the honour to submit for your consideration the Annual Report of the Ministry of Finance for the year ending December 31, 1984.

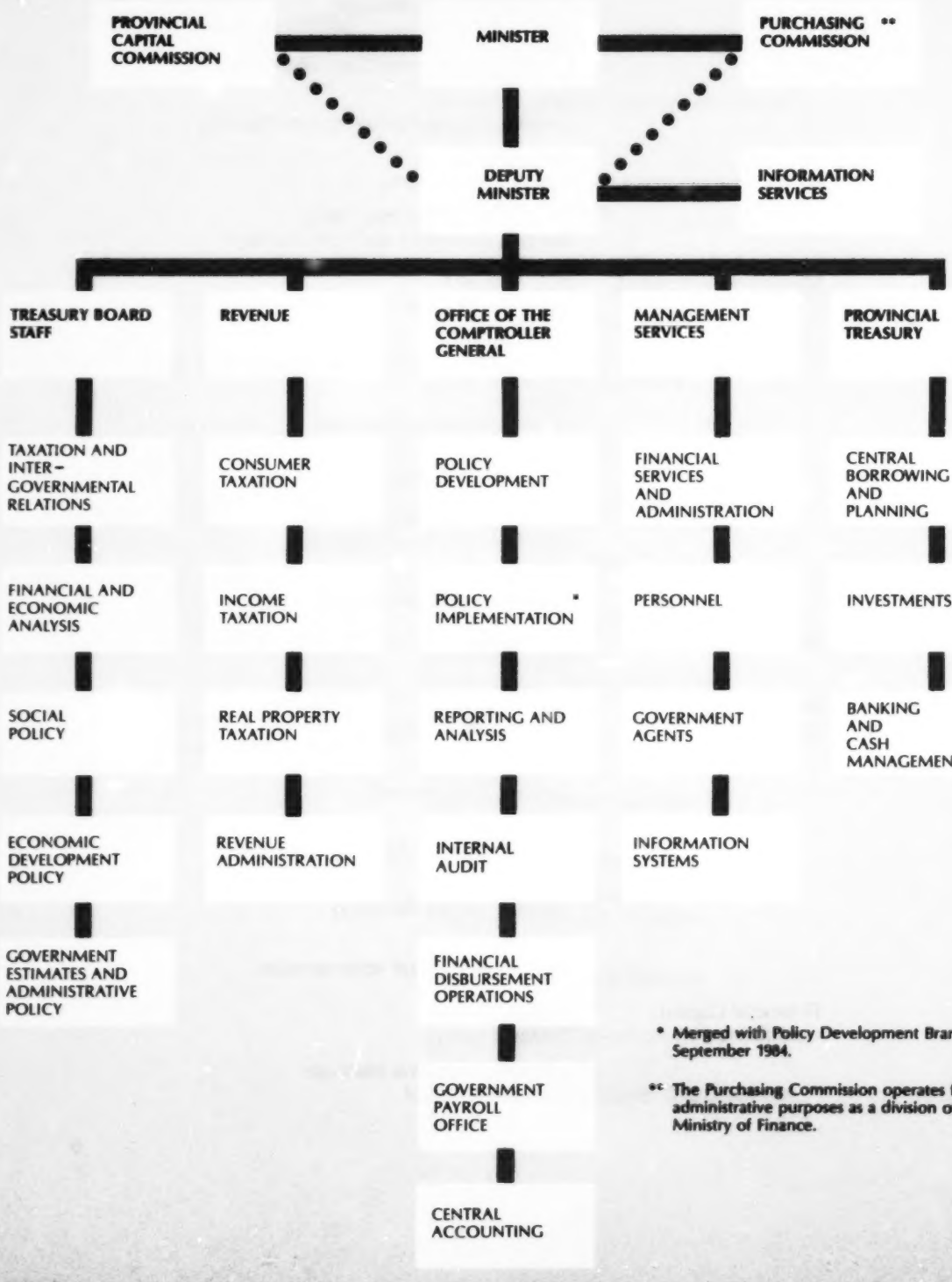
David L. Emerson
Deputy Minister

MINISTRY OF FINANCE OFFICERS

Minister	Honourable Hugh A. Curtis
Deputy Minister and Secretary, Treasury Board	David L. Emerson
Treasury Board Staff	D.M. Hyndman Deputy Secretary and Assistant Deputy Minister
	P.G. Halkett Director, Taxation and Intergovernmental Relations
	Frank Klassen Director, Government Estimates and Administrative Policy
	Alan Eastwood Director, Financial and Economic Analysis
	W.E. Evans Director, Economic Development Policy
	Les Foster Acting Director, Social Policy
Revenue	K.M. Lightbody Assistant Deputy Minister
	E.J. Turner Executive Director, Consumer Taxation
	E.L. Munro Director, Real Property Taxation
	A.B. Carver Director, Income Taxation
	Norman Mogensen Director, Revenue Administration
Office of the Comptroller General	D.B. Marson Comptroller General
	K.M. Prowse Deputy Comptroller General
	R.C. Corbeil Director, Policy Development
	R.L. Hunter (retired August 1984) Director, Policy Implementation
	M.A. Petrie Director, Reporting & Analysis
	A.C. Pickering Acting Director, Government Payroll Office
	D.J. Sandell Acting Director, Financial Disbursement Operation

	A.R. Horner, Acting Director, Central Accounting
	F.G. Hepburn Executive Director, Internal Audit
Provincial Treasury	H.G. Ferguson Assistant Deputy Minister
	D.G. Pearce Director, Banking and Cash Management
	D.E. Allen Director, Central Borrowing and Planning
	R.W. Vipond Director, Investments
	K.E. Littler (retired May 1984) Director, Securities and Administration
Management Services	R.A. Messent Executive Director
	R.D. Krowchuk Director, Financial Services and Administration
	W.H. Bell Director, Personnel Services
	J.G. Harvey Acting Director, Information Systems
	G.L. Brodie (retired June, 1984) Director, Government Agents
	K.J. Weir Acting Director, Government Agents
Information Services	C.L. Temple Director
Purchasing Commission	C.S. Hutchings Chief Executive Officer
	F.H. Leonard Director, Procurement
	M.F. Churchill Director, Materiel Administration
	S.F.J. Wiseman Director, Vendor Relations
	J.W. Hopkins Director, Policy and Administration
Provincial Capital Commission	R.L. Rutherford Manager
	L.R. Beres became Manager in November 1984.

MINISTRY OF FINANCE



* Merged with Policy Development Branch in September 1984.

** The Purchasing Commission operates for administrative purposes as a division of the Ministry of Finance.

MESSAGE FROM THE DEPUTY MINISTER

This annual report documents the nature of the Finance Ministry and its component parts. Some of the more significant accomplishments in 1984 are summarized in what we hope is a meaningful way.

Perhaps the best characterization of 1984 is "a year of transition". Mr. L. I. Bell resigned as Deputy Minister to take up new challenges outside of government. My appointment took effect in May of 1984 with considerable time during the year dedicated to a re-evaluation of priorities and management of the transition. The chief ministry priority through 1984 was the preparation of major taxation and expenditure initiatives for presentation by the Minister of Finance in the March 1985 budget.

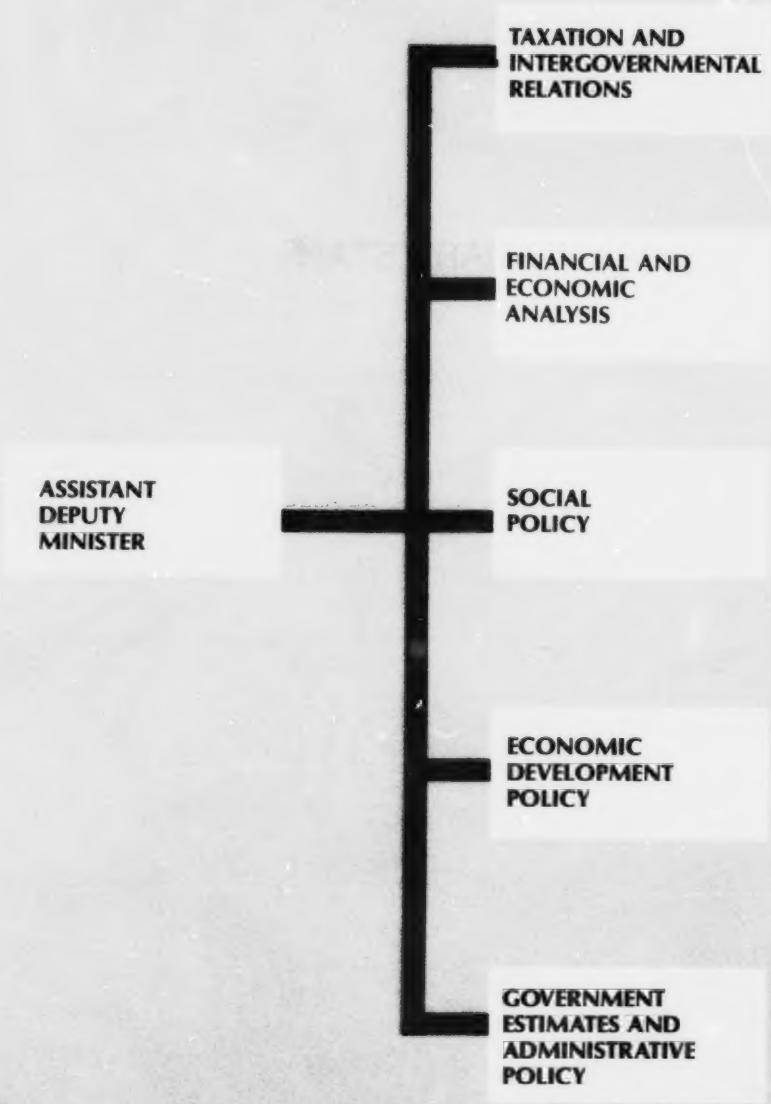
The ultimate goal of any government ministry must be service to citizens and their elected representatives. Achievement of this goal requires dedication to service as a "grassroots" ethic among all staff. I believe the staff of the Ministry of Finance have traditionally exemplified these values and I am committed to further strengthening and reinforcing this attitude. I offer my sincere appreciation to all ministry staff for their tireless energy and enthusiasm in meeting all the challenges of 1984.

I owe special thanks to the Honourable Hugh Curtis for his unfaltering support and commitment to professionalism in the public service.

David L. Emerson
Deputy Minister

TREASURY BOARD STAFF

TREASURY BOARD STAFF



TREASURY BOARD STAFF

FUNCTIONS

- Treasury Board Staff is a division of the Ministry of Finance which analyses and provides advice to Treasury Board (the Committee of Cabinet responsible for budgetary and management matters) and to the Minister of Finance on economic, fiscal, taxation and expenditure matters.
- Treasury Board Staff plays a key role in the development of British Columbia's position on fiscal relations with the federal government, with other provinces, and with local governments within British Columbia.
- The division has five branches:
  - — Taxation and Intergovernmental Relations
  - — Financial and Economic Analysis
  - — Social Policy
  - — Economic Development Policy
  - — Government Estimates and Administrative Policy
- Responsibilities of the branches include:
  - — coordinating and administering the resource allocation process among ministries and the development of the annual provincial budget
  - — making recommendations regarding provincial taxation policies and changes to the provincial taxation system
  - — recommending timely implementation of economic and fiscal policies
  - — making recommendations regarding federal/provincial relations
  - — advising on existing and proposed ministry programs and on the management of government resources.
- Treasury Board Staff prepares periodic fiscal framework documents for Cabinet, which forecast provincial economic performance and the government's financial situation over the medium term.
- The division provides monthly expenditure and revenue forecasts, and monitors ministry budgets and capital projects throughout the year.
- It also monitors the fiscal relations between the province and the federal government, and between the province and municipal and regional governments within British Columbia.

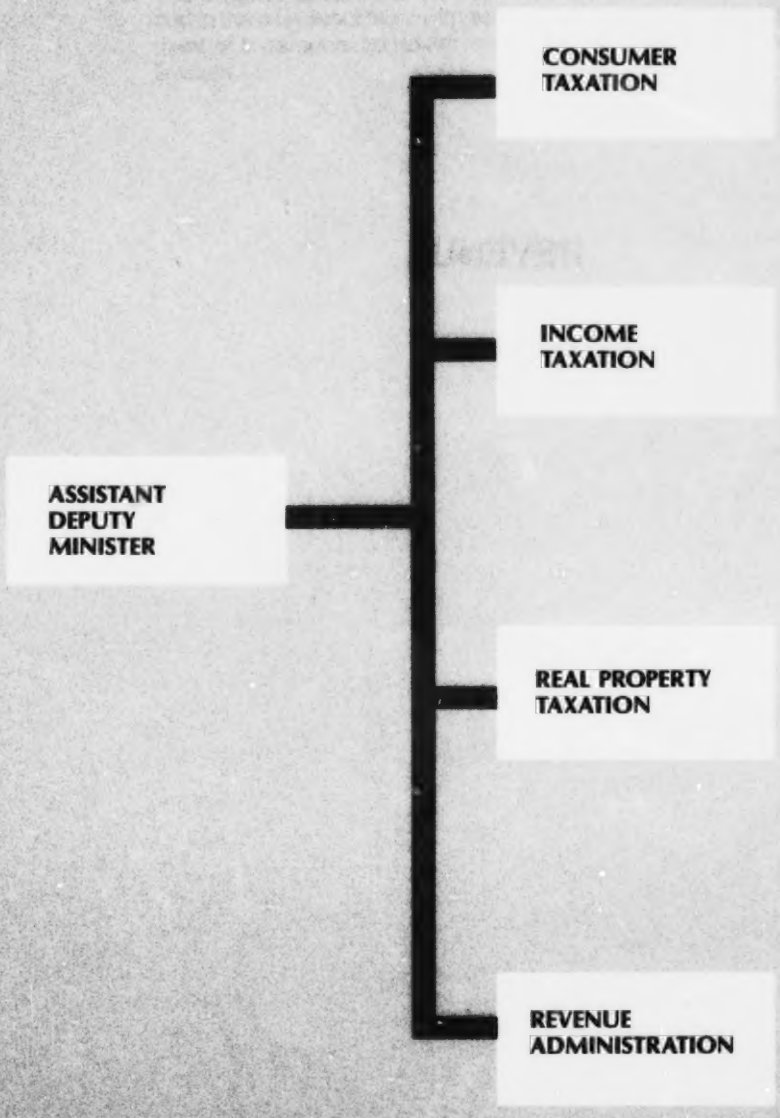
HIGHLIGHTS

- During 1984, the Taxation and Intergovernmental Relations Branch was involved in preparations for a series of public meetings,including the publication of a discussion paper "Taxation & Economic Development: Background Information for a Consultative Process". Twenty-eight meetings were held in communities throughout the province. They were chaired by the Minister of Finance with the Taxation and Intergovernmental Relations Branch providing staff support. As a result of this public consultation, a comprehensive set of tax measures to promote economic development were developed and included in the 1985 provincial budget.

- During 1984, the Financial and Economic Analysis Branch continued to improve the economic forecasting process by increasing consultation with national and international private sector economists.
- The Social Policy Branch completed work leading to the successful introduction of a Certificate of Approval process, to be used by ministries undertaking capital projects.
- In 1984, Treasury Board Staff successfully continued efforts to allocate more staff time to deal with substantive policy issues, by delegation of increased authority to government ministries through a pre-approval process.
- The division achieved further reductions in the administrative and paper burden and in the cost associated with assembling the provincial budget through development of a personal computer version of the government's Interactive Estimates System.

REVENUE

REVENUE DIVISION



REVENUE DIVISION

FUNCTIONS

- The Revenue Division administers the province's major taxation legislation and is responsible for ensuring that the provisions of these taxation statutes are fairly and effectively applied.

HIGHLIGHTS

- In 1984, the Revenue Division collected $2.8 billion (approximately 39 per cent of the province's annual revenue) and monitored a further $2.5 billion of individual and corporate income taxes collected by the federal government on behalf of the province.
- Branch Directors of the Revenue Division participated in the series of public hearings on taxation and economic development, commencing in August 1984, which subsequently contributed to the development of a comprehensive set of tax and expenditure measures for the province.

Consumer Taxation Branch

FUNCTIONS

- The Consumer Taxation Branch is responsible for administration of the following statutes:

  Social Service Tax Act
  Hotel Room Tax Act
  Tobacco Tax Act
  Gasoline Tax Act
  Gasoline (Coloured) Tax Act
  Motive Fuel Use Tax Act
  Horse Racing Tax Act

- The branch has 14 offices throughout the province, located at:

Victoria	Penticton
Vancouver	Kamloops
Williams Lake	Cranbrook
Prince George	Dawson Creek
Prince Rupert	Nanaimo
Nelson	Campbell River
Vernon	Chilliwack

- To ensure compliance with consumer tax legislation the branch registers taxpayers, conducts field audits and inspections of taxpayers' records, and carries out office audit and collection programs.

HIGHLIGHTS

- In 1984, the Consumer Taxation Branch continued its program to improve public awareness of the consumer tax statutes and regulations. This program included personal visits by Branch staff to Lower Mainland businesses and individuals registered as vendors under statutes, to provide information on the procedures for collecting and remitting tax.

- During 1984, the Branch published 14 bulletins on consumer taxation topics and distributed them widely among registered vendors. The bulletins inform vendors, operators and other taxpayers, of applications of the province's consumer taxes and of periodic changes in the tax rates.
- The number of vendor accounts registered with the Consumer Taxation Branch rose in 1984 to 103,500, up from 99,000 in 1983 and 94,800 in 1982.
- Branch auditors completed 3,418 audits in 1984, down from 3,873 audits in 1983 due both to fewer branch auditors and to a realignment of staff resources to provide new businesses with comprehensive tax information.

Real Property Taxation Branch

FUNCTIONS

- The Real Property Taxation Branch administers taxes and special levies on taxable real property lying outside incorporated municipalities. These activities are mainly carried out under the *Taxation (Rural Area) Act*. The Branch also administers the *Home Owner Grant Act* in rural areas of the province.
- Taxes are also levied by the branch on rural area properties under 17 statutes including the *Education (Interim) Finance Act* and the *Municipal Act*.
- The Real Property Taxation Branch also administers the Land Tax Deferment Program under the *Land Tax Deferment Act*. Under this program, seniors, widows, widowers and some handicapped property owners can defer or delay payment of taxes on their homes until the property is sold or passed on. The deferred taxes carry a compound interest rate of eight per cent per annum.

HIGHLIGHTS

- During 1984, the branch continued to pursue the development of computer assisted systems to provide the means for more efficient property tax administration. In June 1984, the Land Tax Information System (LTIS) came into operation, providing a computerized accounting and tax information system. Implementation of LTIS was the result of extensive preparation by both the Real Property Taxation Branch and the Revenue Administration Branch.
- In 1984, the rural taxation roll contained 304,000 tax accounts covering net taxable values of $16,793,000,000 under the *Taxation (Rural Area) Act* and $21,047,000,000 under the *Education (Interim) Finance Act*.
- Between 1980 and 1984, the number of rural property tax folios increased from 278,000 to 304,000, and the total amount of rural property taxes collected by the branch from $25.4 million to $34.0 million.
- The branch collected a total $227.1 million in school taxes on rural area properties in 1984, and $54.9 million in local government taxes, including taxes levied by improvement districts, regional districts, hospital districts, library districts and others.

RURAL TAXATION INFORMATION

Year	Number of Rural Tax Accounts	Total Rural Property Taxes Collected ($ millions)	Total School Taxes Collected ($ millions)	Local Government Taxes Collected* ($ millions)	Other Taxes Collected ($ millions)
1980	278,000	25.4	153.1	32.2	2.0
1981	285,000	29.2	197.3	38.9	2.5
1982	294,000	36.1	230.4	47.1	2.7
1983	301,000	32.6	231.8	50.8	2.7
1984	304,000	34.0	227.1	54.9	2.9

* This includes Improvement District, Regional District, Hospital District, Library District and similar levies.

- Under the Land Tax Deferment Program outstanding property tax deferments increased from 1,152 in 1980 to 2,852 in 1984 — a 147.6 per cent increase.
- In 1984, property taxes totalling $2,620,000 were deferred under the Land Tax Deferment Program, and by the end of 1984 the cumulative total of property taxes deferred was $11,980,000.
- The total of approved Home Owner Grants in rural areas increased from $33,000,000 in 1980 to $37,248,000 in 1984 — an increase of 12.9 per cent.

HOME OWNER GRANTS IN RURAL AREAS

Year	Applications	Total Grants Approved $
1980	80,489	33,000,000
1981	85,590	33,900,000
1982	85,956	35,493,000
1983	84,967	36,261,000
1984	111,335	37,248,000

Income Taxation Branch

FUNCTIONS

- The Income Taxation Branch was responsible for administration of the following tax statutes in 1984:
  - — *Income Tax Act*
  - — *Corporation Capital Tax Act*
  - — *Logging Tax Act*
  - — *Mining Tax Act*
  - — *Insurance Premium Tax Act*
  - — *Fire Services Tax Act*
- The branch assists Revenue Canada with the compliance and informational aspects of the *Income Tax Act* (Canada). Under the Tax Collection agreement

between the federal and provincial governments, the federal government collects personal and corporate income taxes on behalf of the British Columbia government.

HIGHLIGHTS

- In 1984, the Income Taxation Branch undertook several special projects to examine the tax bases for provincial income taxes, in order to determine taxpayer compliance and payment levels.
- The number of taxpayer accounts under the *Corporation Capital Tax Act* in 1984 was 10,800, down from 11,200 in the previous year.
- Branch auditors completed 6,988 audits in 1984, down from 7,675 in 1983 due to a combination of circumstances including a decrease in tax filing volumes resulting from increased exemption levels under the *Corporation Capital Tax Act*, and fewer branch staff.

Revenue Administration Branch

FUNCTIONS

- The Revenue Administration Branch provides tax administration, accounting and collection services for the Revenue Division.

HIGHLIGHTS

- In 1984, the branch received and processed 1,142,700 tax returns and payments, up from 1,090,200 in 1983 and 1,054,200 in 1982.
- Total amount of taxes collected in 1984 (including municipal non-residential school tax) was $2,858,000,000. This compares with $2,582,000,000 in 1983.

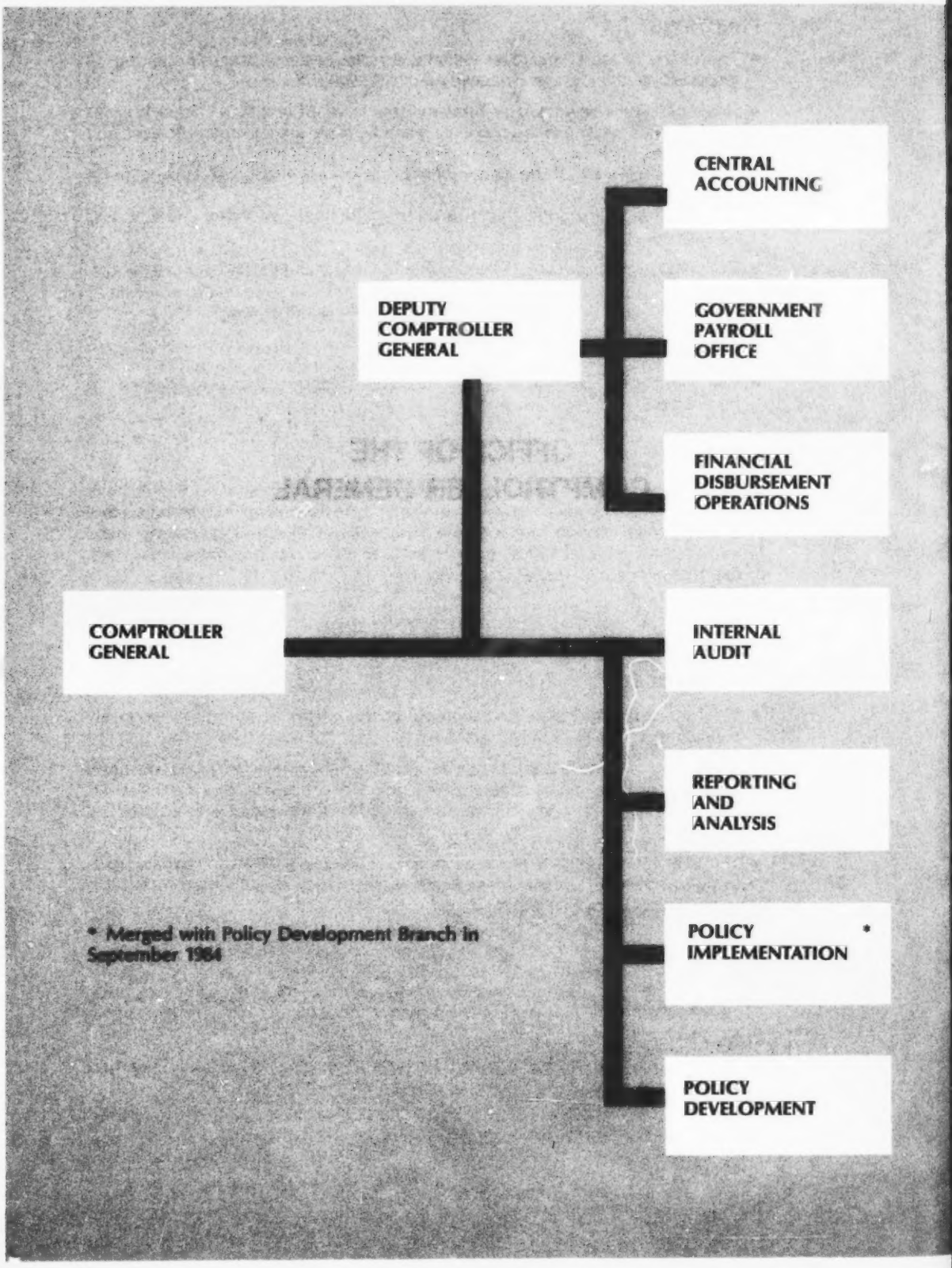
TAXES PAID	1982	1983 ($ milllions)	1984
Consumer Tax	1,560	1,678	1,947
Income Tax	120	112	123
*Real Property Tax	273	283	290
Municipal Non-residental School Tax	458	509	498
Total	2,411	2,582	2,858

- During 1984, the Revenue Administration Branch collected a total of more than $60 million in delinquent taxes, compared with $51 million in 1983 and $37 million in 1982. More than $6 million in delinquent taxes was written off in 1984.
- At December 31, 1984, delinquent taxes (including real property taxes) receivable amounted to $87 million.
- In 1984, a total $65 million in delinquent taxes was assessed, of which $43 million was assessed as a result of audits and the remaining $22 million resulted from other assessments including penalties for late payment and errors in taxpayer returns.

TAX	STATUTE	ADMINISTERED BY
Income	Income Tax Act	Income Taxation Branch
Capital	Corporation Capital Tax Act	Income Taxation Branch
Retail Sales	Social Service Tax Act	Consumer Taxation Branch
Accommodation	Hotel Room Tax Act	Consumer Taxation Branch
Tobacco	Tobacco Tax Act	Consumer Taxation Branch
Motor Fuel	Gasoline Tax Act	Consumer Taxation Branch
	Gasoline (Coloured) Tax Act	Consumer Taxation Branch
	Motive Fuel Use Tax Act	Consumer Taxation Branch
Race Meetings	Horse Racing Tax Act	Consumer Taxation Branch
Natural Resources	Logging Tax Act	Income Taxation Branch
	Mining Tax Act	Income Taxation Branch
	Mineral Resource Tax Act	Energy, Mines and Petroleum Resources
	Mineral Land Tax Act	Energy, Mines and Petroleum Resources
Insurance	Insurance Premium Tax Act	Income Taxation Branch
	Fire Services Act	Income Taxation Branch (collects taxes levied by Ministry of Attorney General)
Real Property	Taxation (Rural Area) Act	Real Property Taxation Branch
Non-Residential School Tax	Education (Interim) Finance Act	Revenue Administration Branch (collects taxes levied in municipal and rural areas)

OFFICE OF THE
COMPTROLLER GENERAL

OFFICE OF THE COMPTROLLER GENERAL



OFFICE OF THE COMPTROLLER GENERAL

FUNCTIONS

- The Office of the Comptroller General assists Treasury Board in fulfilling its responsibilities under the *Financial Administration Act.*
- Responsibility is delegated by Treasury Board to the Comptroller General for —
  - — all matters relating to the accounting and financial administration policies and practices.
  - — the coordination of the development and communication of administrative policies and procedures
  - — the direction and coordination of government financial control and reporting systems
- Under the policy direction of Treasury Board, the Comptroller General is responsible for —
  - — the reporting, accounting and control systems of government
  - — maintenance of central accounts
  - — preparation of financial statements
- The Comptroller General is also responsible for the internal audit function in government.

HIGHLIGHTS

- In response to recommendations in reports of the Auditor General, the Office of the Comptroller General initiated improvements to the central accounting system in 1984. When implemented with new ministry financial reporting systems, these improvements will enhance government's ability to produce more timely and informative financial management reports.

Policy Development Branch

FUNCTIONS

- The branch is responsible for the development of financial administration policy submitted for Treasury Board approval.
- The branch provides general financial management training to government personnel through a Financial Management and Control course, and assists ministries in providing specialized financial management training, where required, for their staff.
- The branch is responsible for reviewing proposals for legislation and amendments to legislation, to ensure that financial provisions of such legislation are compatible with existing financial statutes.

HIGHLIGHTS

- In 1984, the Policy Development Branch began the consolidation and simplification of government-wide general management and financial administration policy and procedures.
- The branch provided 1,500 training days on financial management to government personnel in Victoria and at centres throughout the province.

Policy Implementation Branch

FUNCTIONS

- The Policy Implementation Branch is responsible for the implementation of Treasury Board policies which, in 1984, were communicated to ministries by inclusion in the government Financial Administration Procedures Manual.
- The branch also assists ministries in developing and evaluating financial systems and their controls by monitoring the implementation of audit recommendations; by reviewing systems for effective controls; and by testing proposed financial systems.

HIGHLIGHTS

- Five amendments to the Financial Administration Procedures Manual were prepared in 1984 and distributed to the approximately 400 manual holders throughout government. This manual is the chief reference on day-to-day operations for financial officers throughout government.
- The branch also undertook more than 60 reviews of government financial systems in 1984.

Reporting and Analysis Branch

FUNCTIONS

- The Reporting and Analysis Branch is responsible for preparation of the Public Accounts of British Columbia, and for preparation of other financial reports required by statute for presentation to the Legislative Assembly. These include the Interim Financial Statement of the Comptroller General and a report on any special warrants approved by Cabinet.
- The branch prepares the annual Supply Acts, for introduction by the Minister of Finance in the Legislative Assembly.
- Responsibility for the government's chart of accounts, essential for the maintenance of the government accounting system, also rests with the Reporting and Analysis Branch.

HIGHLIGHTS

- The branch worked closely with other government financial jurisdictions and with the Canadian Institute of Chartered Accountants towards the establishment of nation-wide criteria for public sector reporting practices.

Internal Audit Branch

FUNCTIONS

- The Internal Audit Branch is responsible for providing management with an audit of financial controls, policies and practices and with an appraisal of their impact on a ministry's operations.
- The branch is also responsible, either directly or through audits conducted by private sector firms, for the audit of claims made by the province under federal-provincial cost-sharing agreements.

HIGHLIGHTS

- In 1984, the Internal Audit Branch audited and certified 164 claims made by the British Columbia government, based on federal-provincial cost-sharing agreements. These claims were valued at approximately $1,400 million, for a net recovery of $551 million.
- The branch also completed 35 major audits within government ministries and in other agencies of government, in 1984.
- Productive hour costs were $33.41 in 1984, a three per cent decrease from 1983. Final audit reports were produced on average 11 days after the completion of an audit in 1984, compared to 18 days in 1983.

Financial Disbursement Operations Branch

FUNCTIONS

- The Financial Disbursement Operations Branch is responsible for verifying and processing payment vouchers submitted by various ministries and for producing almost all government cheques.
- The branch is also responsible for documentation and control of all transactions under the government's central financial system.

HIGHLIGHTS

- In 1984, the Financial Disbursement Operations Branch processed more than 650,000 payment vouchers valued at approximately $6 billion, and issued more than 2.8 million cheques.
- The Branch achieved a reduction over 1983 in data processing costs of approximately $11,000 per month, and reduced cheque production turnaround time within the office from 8 days in 1983 to less than 6 days in 1984. The branch also achieved a 4 per cent reduction in general account cheque production volumes over 1983 volumes.
- A successful customer service operation was established by the branch in 1984, to resolve payment problems of government ministries and government suppliers. The successful implementation of this program has resulted, in several instances, in changes to procedures and systems to expedite cheque production and distribution.

Government Payroll Office

FUNCTIONS

- The Government Payroll Office processes all payroll forms for payment of government employees. The Office is also responsible for management of government-wide payroll data.

HIGHLIGHTS

- The Government Payroll Office processed more than 480,000 payroll forms during 1984 with an approximate value of $934 million.
- Production costs were reduced in 1984 to $0.41 per cheque, $0.11 less per cheque than in 1983.

Central Accounting Branch

FUNCTIONS

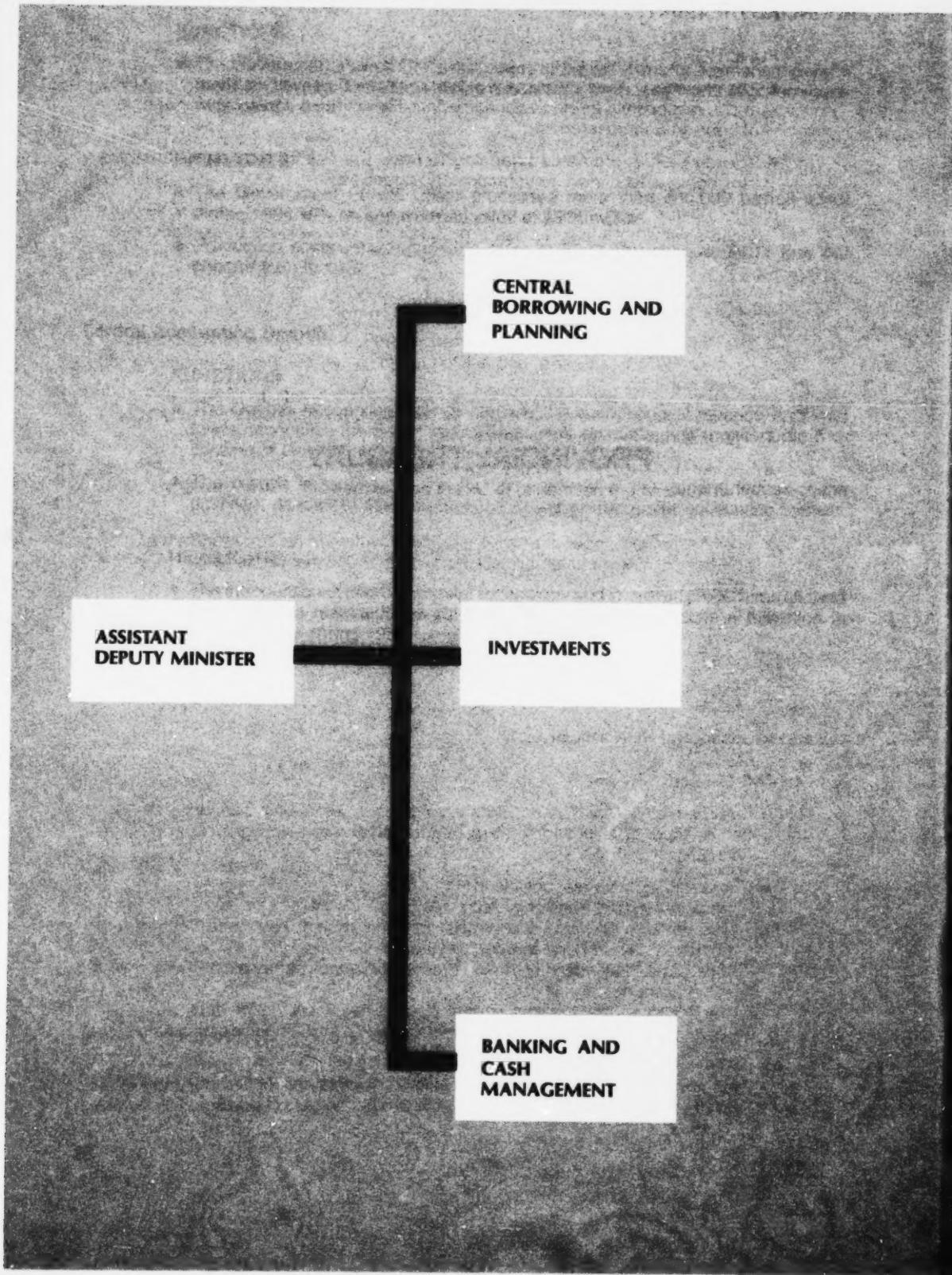
- The Central Accounting Branch controls the accounting of revenue and trust funds, reconciles the major government bank accounts, and monitors the processing of Government Agency revenues and expenditures.
- The branch is responsible for the management of the general ledger of the province, as part of the maintenance of the government's accounting system.

HIGHLIGHTS

- The introduction of micro-computer technology and improved procedures allowed the branch to maintain and enhance levels of service despite a reduction in staffing levels during 1984.

PROVINCIAL TREASURY

PROVINCIAL TREASURY



PROVINCIAL TREASURY

FUNCTIONS

- The Provincial Treasury manages the province's financial assets and liabilities and is responsible for non-budgetary financial activities, including management of pension and trust funds.
- The division coordinates financing to meet the capital requirements of the province and its Crown corporations and agencies.
- The division also negotiates bank services for the province, maintains required records, registers securities issued by the Crown, and provides safekeeping for all securities on deposit.

HIGHLIGHTS

- The division completed financing arrangements to eliminate the historic debt of the B.C. Railway and arranged a $200 million preferred share financing for the Crown corporation.
- The division succeeded in the introduction of a Canadian short-term promissory note program for British Columbia.
- The division expanded the use of electronic funds transfer, including payroll and other government payments, to 55 per cent of the cash flow of the consolidated revenue fund or $4.0 billion.
- The division developed and implemented a system to record, monitor and fund government body capital project borrowing under the Certificate of Approval program.
- The division implemented a foreign exchange operation for the execution of foreign exchange purchases and hedges.

Central Borrowing and Planning Branch

FUNCTIONS

- The Central Borrowing and Planning Branch recommends borrowing strategy, and is responsible for coordinating, negotiating and completing public and private financings.
- The branch is also responsible for:
  - — registration and transfer of securities
  - — collection, monitoring and deposit of bond interest payments, sinking fund instalments and bond maturity payments
  - — custody and safekeeping of investments for various pension funds and sinking fund accounts
  - — recording and reporting government and Crown corporation debt
  - — settlement of investment purchases and sales, including transfer of funds and delivery and receipt of securities
- The branch serves the Province of British Columbia and its Crown corporations and other government bodies, together with other holders of government corporation bonds.

- The branch operates the province's U.S. and Canadian commercial paper programs, is responsible for all aspects of Canadian, Euro-Canadian, U.S., and Euro-U.S. public market issues, as well as for private placements in Canada and abroad, and for all lease financings.
- The branch makes representation on the province's behalf to U.S. and Canadian rating agencies, advises with regard to the Minister of Finance's fiscal agent responsibility for Crown corporations, including formulation of management groups for borrowings by the province. It also arranges major lease financings entered into by the province or its Crown corporations.
- The branch is responsible for securities registration, vault security and inventory audit, debt reporting and for settlement and delivery of short-term and long-term investment transactions.

HIGHLIGHTS

- The value of new debt negotiated for the government and its Crown corporations and agencies in 1984/85 was $2.4 billion bringing total net debt under management to $16.0 billion as of March 31, 1985.
- The branch externalized the registration and transfer functions for public debt issues.
- The branch improved financial control and security in the custody function with respect to investments, the registration of bonds, the execution of debt service payments and the collection of investment revenue.
- An automated debt information system was implemented.
- The Central Borrowing and Planning Branch was merged with the former Securities and Administration Branch for more efficient operations.

Investments Branch

FUNCTIONS

- The Investments Branch recommends investment strategy for the province, all pension and sinking funds and surplus funds of Crown corporations.
- The branch provides continuous market intelligence and research for the ministry, and executes investments with the assistance of professional money managers.
- The branch is responsible for money market and bond market investing/trading. The branch also carries out credit risk analyses of financial institutions, as required.
- The branch executes all foreign exchange activities on behalf of the province and its Crown Corporations.
- The branch operates the province's weekly Treasury Bill auction.
- The branch is responsible for the province's market maintenance program, which ensures that British Columbia bonds trade in the market at prices appropriate to the best interests of the province.
- The branch is responsible for all budget administration and personnel management within the division.

HIGHLIGHTS

- The value of assets under investment management by the branch was $11.6 billion as at March 31, 1985.
- The value of all investment cash transactions for the year was in excess of $40 billion.
- The value of foreign exchange hedges in 1984 was $1.8 billion.
- The branch enhanced investment strategy through development of a methodology for testing asset mix alternatives.
- The branch designed and programmed computer assisted trading models for maximization of return on the province's investments.
- The branch completed the systems specifications for a more efficient investment management and account system, in readiness for subsequent implementation in 1985.
- The administration area of the former Securities and Administration Branch was merged with the Investment Branch.

Banking and Cash Management Branch

FUNCTIONS

- The Banking and Cash Management Branch is responsible for forecasting, monitoring and controlling the province's cash flow.
- The branch is responsible for payment distribution including provincial payroll and electronic funds transfer programs.
- The branch is responsible for the administration of the Certificate of Approval program for government body capital project borrowings.
- The branch negotiates the province's banking services contracts and assists in tendering of Crown corporations' banking services contracts. From these records a central bank account registry is maintained.
- The branch carries out reconciliation of certain of the province's major bank accounts and produces financial statements as required.
- The branch performs accounting and reporting functions for investment and borrowing transactions. In addition, annual financial statements for the Capital Financing Authorities are prepared.

HIGHLIGHTS

- The branch managed a cash flow of $70 billion in 1984.
- The branch expanded the use of electronic funds transfer, including payroll and other government payments, to 55 per cent of the cash flow of the consolidated revenue fund or $4 billion. Through promotion, government employee participation in the payroll direct deposit program was increased to 40 per cent at the end of 1984. These initiatives resulted in significant financial savings to government as well as improved service to agencies, organizations and individuals receiving payments from government.

- The branch developed and implemented a system to speed payroll cheque distribution on an area and regional basis. This led to more efficient delivery of provincial payroll cheques in 1984.
- The branch developed and implemented a system to record, monitor and fund local capital project borrowings under the Certificate of Approval program.
- The bank control section of the Banking and Cash Management Branch administered 2,100 bank accounts and processed 1.02 million cheques.
- The branch developed and introduced a central bank account registry for government bank accounts.
- The branch also developed and introduced an accelerated deposit recording system for deposits with the province's principal banker, which is to be expanded to include other banks.
- The accounting section developed and implemented a data processing system for recording the U.S. and Canadian commercial paper programs, and accounted for debt certification totalling $796.8 million for Crown corporations and other government bodies.

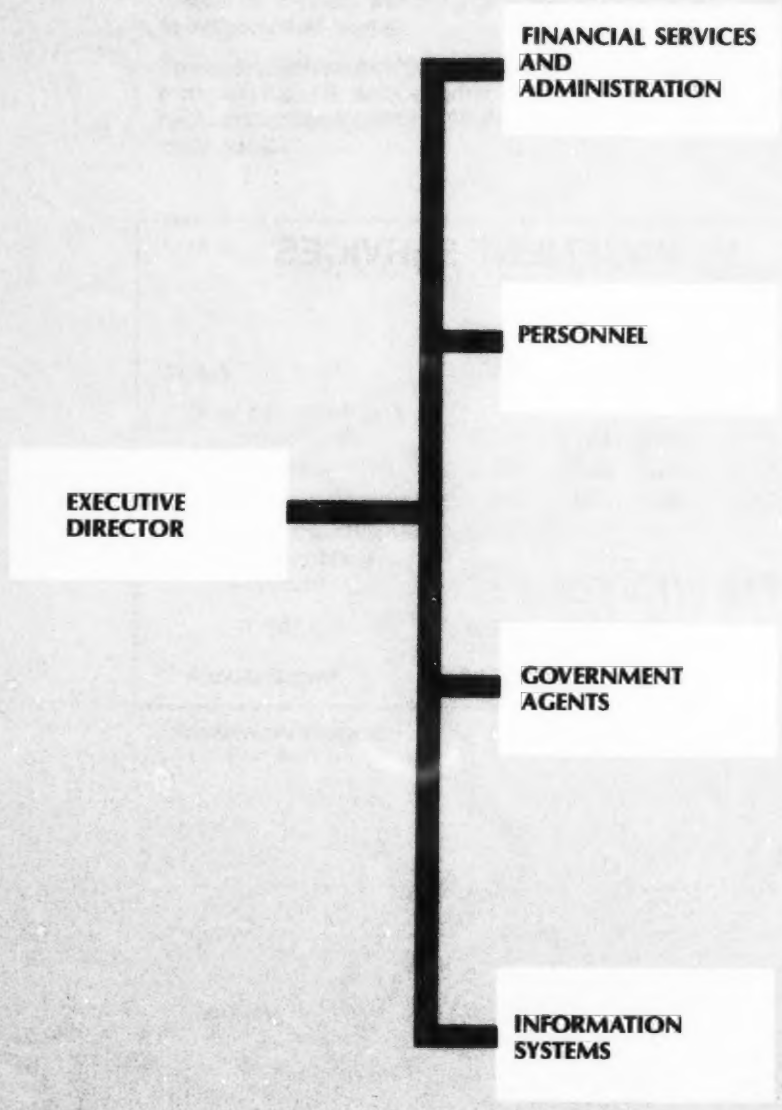
INVESTMENT FUNDS UNDER ADMINISTRATION
($ billions)

	Statement as at March 31					
FUND	1980	1981	1982	1983	1984	1985
Superannuation and pension funds	2.624	3.134	3.966	4.831	5.677	6.575
Sinking funds	0.895	1.045	1.244	1.316	1.620	2.240
Other trusteed funds	.679	.822	1.047	1.592	2.174	2.460
Consolidated revenue fund temporary investments	1.315	0.836	1.094	0.426	0.423	0.354
TOTAL	5.513	5.837	7.351	8.165	9.894	11.629
Annual Growth	30.3%	5.9%	25.9%	11.1%	21.2%	17.5%

Source: *Public Accounts*

MANAGEMENT SERVICES

MANAGEMENT SERVICES DIVISION



MANAGEMENT SERVICES

FUNCTIONS

- The Management Services Division is responsible for the provision of administrative and technical services to the Ministry of Finance and, through the Government Agents Branch, for the provision of general government services, revenue collection and disbursements, and program information to the public.

Financial Services and Administration Branch

FUNCTIONS

- The branch is responsible for financial administration and control in the Ministry of Finance, for ministry records management and for the provision of office space and ancillary services. The branch also assists in the development and maintenance of ministry forms and of policy and procedures manuals, and is responsible for methods and procedures analyses aimed at productivity improvement within the ministry.
- The financial operations section of the branch coordinates the preparation, implementation and monitoring of the ministry's annual budget. It also provides for the ministry's central accounting system, including ministry payroll.
- The provincial government's Suggestions Awards Program is managed by the Financial Services and Administration Branch.

HIGHLIGHTS

- The financial operations section of the branch developed computer systems for the senior financial officer bank account, for vehicle management and for photocopier systems. It also completed development of an electronic inventory system for ministry asset control.
- This section also reduced the Finance Ministry's cheque requisition volume by 34 per cent in 1984, resulting in substantial reductions in paper flow and data entry costs.
- The facilities management section identified a number of space saving efficiencies, resulting in substantial cost savings in 1984. The branch is responsible for 83 properties occupied by the Finance Ministry with an annual occupancy cost of $4.578 million.
- Among the 1984 projects completed by the procedures and forms section was the redesigning of six Government of British Columbia cheque forms, with estimated annual mail cost savings of $300,000.
- Under the Suggestion Awards Program which encourages government employees to submit ideas to enhance efficiency, improve service, or increase safety, 21 cash awards totalling $7,560 were made in 1984. Of these, two were for the initial maximum of $1,500 and are eligible for supplementary awards of up to $8,500 based on eventual total savings to government resulting from the suggestions.
- Savings of $308,180 were generated during 1984 by successful suggestions submitted under the Suggestion Awards Program and implemented in government.

Personnel Branch

FUNCTIONS

- The Personnel Branch is responsible for manpower planning and organization within the Finance Ministry, for classification analysis, recruitment and placement services, training and development, employee records, and for interpretive and investigative advice on labour relations.

HIGHLIGHTS

- In 1984, the Personnel Branch implemented a total of 284 staff placements, including promotions, internal transfers and secondments within the ministry, and a number of acting appointments to fill vacant positions. In the same period, the branch implemented a total of 190 retirements and other separations of staff from the ministry.
- A total 4,650 hours of training in work-related subjects were recorded by Finance Ministry staff in 1984.
- As part of reorganization undertaken by several areas of the ministry, the Personnel Branch studied and reclassified 95 positions during 1984.
- During 1984, the Personnel Branch improved the computerized Human Resources Information Systems (HRIS) to meet record keeping requirements and management information needs.
- The branch completed arrangement for the delegation, from Government Personnel Services Division, of recruitment and selection responsibilities.
- The branch also continued the implementation in the Finance Ministry of the new government-wide classification series for financial officers, and established new policies and procedures in several areas of personnel management within the ministry.
- New policies and procedures in several areas of personnel branch responsibilities were established in 1984, and paper flow streamlined in the area of leave management documentation.

Government Agents Branch

FUNCTIONS

- The Government Agents Branch provides the public with a wide range of government services including the collection and disbursement of government funds as well as the dissemination of information about government programs from 61 office locations throughout the province.

HIGHLIGHTS

- The reorganization of the Government Agents Branch, begun in 1983, continued in 1984 with the consolidation of branch management in Victoria.
- The branch commenced a review of its protocol agreements with other government ministries and agencies, to more clearly define and update branch responsibilities.

- In 1984, the branch completed the transfer of most Autoplan and Motor Vehicle Branch activities to either the private sector or the Ministry of Transportation and Highways. At the end of 1984, the Government Agents Branch continued to perform motor vehicle-related functions including the sale of Autoplan, in only six locations: Cassiar, Stewart, Atlin, Queen Charlotte City, Revelstoke and Kelowna.
- In 1984, the branch accepted $245,822,592 in provincial revenue. These figures included $4,218,480 collected for the Insurance Corporation of British Columbia.
- With the aim of improving service to the public, computer terminals were installed in six agencies: Prince George, Kamloops, Kelowna, New Westminster, Nelson and Nanaimo. The branch also initiated a pilot project to update facilities and improve information-related activities in four agencies in 1984: Prince George, Sechelt, Kelowna and Nanaimo.

Information Systems Branch

FUNCTIONS

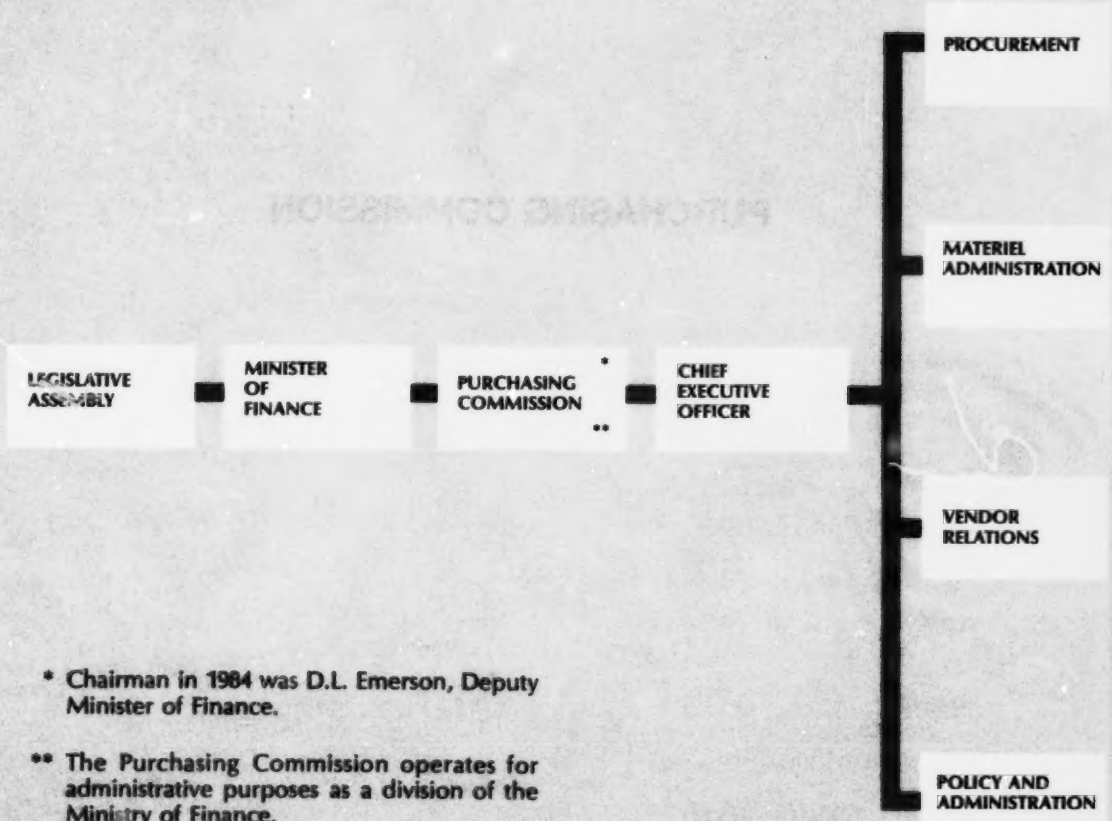
- The Information Systems Branch is responsible for the maintenance, coordination and planning of all systems and data processing activities in the Finance Ministry. In performing this function, the Information Systems Branch recommends on the development and enhancement of ministry systems and seeks technical direction, when required, from the British Columbia Systems Corporation.

HIGHLIGHTS

- In 1984, the branch coordinated the implementation of the Land Tax Information System, providing electronic access from six Government Agents' offices in communities throughout the province.
- Following a successful pilot project, the branch implemented an electronic mail service within selected areas of the Finance Ministry.
- Significant savings in data processing costs resulted from an evaluation of the efficiency of systems used by the Office of the Comptroller General for payroll, bank reconciliations and trust accounts.
- The branch also participated, with the Comptroller General's Office, in the implementation of a new computerized general ledger system.
- Cost savings were achieved for the ministry's mainframe computing services as well as for the general ledger system after study and negotiations led by the Information Systems Branch.
- A number of data entry staff were redeployed with the Finance Ministry and through other areas of government.
- During 1984, the branch responded to more than 1,000 requests for systems maintenance or enhancement within the Finance Ministry. The branch implemented a status enquiry system for certain computer operations, as a means of assisting management, together with systems to track manpower utilization and the status of systems projects.

PURCHASING COMMISSION

PURCHASING COMMISSION



* Chairman in 1984 was D.L. Emerson, Deputy Minister of Finance.

** The Purchasing Commission operates for administrative purposes as a division of the Ministry of Finance.

November 26, 1985

The Honourable Hugh A. Curtis
Minister of Finance
Parliament Buildings
Victoria, B.C.

Sir:

We have the honour to submit the Purchasing Commission's Annual Report for the year ended December 31, 1984.

D.L. Emerson
A/Chairman

A.E. Rhodes
Member

J.E. Woytack
Member

PURCHASING COMMISSION

FUNCTIONS

- The Purchasing Commission is the central procurement agency for the Government of British Columbia, responsible to the Legislative Assembly, and operates under the *Purchasing Commission Act*.
- In 1984 the Commission was responsible for providing materiel management services to ministries and to two Crown corporations — B.C. Buildings Corporation and B.C. Ferry Corporation. The services included procurement, warehousing, technical services, and Crown assets disposal.

HIGHLIGHTS

- In 1984, the Purchasing Commission received Cabinet approval for a new public sector purchasing policy. The policy involves a cooperative partnership among public bodies in the province and between the public and private sectors. The policy, when implemented, will utilize the $2 billion spent annually by public bodies to promote economic development and job creation both province-wide and regionally within British Columbia.

Procurement Branch

FUNCTIONS

- The Procurement Branch is responsible for assisting client ministries to plan their materiel requirements, negotiating the acquisition of materiel, and monitoring vendor performance.

HIGHLIGHTS

- In 1984, the Procurement Branch negotiated cost savings of $3.1 million over and above the normal competitive procurement process.
- In the 12 months beginning March 31, 1984, purchase orders from client ministries and Crown corporations totalled $261,550,666. This did not include the value of local minor purchase orders and emergency purchase orders processed by ministries alone, nor delegated purchasing of office supplies by the Queen's Printer.
- The branch established 30 master standing offers, allowing client ministries and Crown corporations to obtain needed goods and services at substantial savings from suppliers who tendered successfully.
- The branch also assisted the Ministries of Attorney General, Health and Human Resources in securing private sector contracts for government services, including catering, laundry and group home services.
- The cost of procurement in 1984/85 was well within the established limit of .75 per cent of the value of all goods purchased, averaging .33 per cent over a 12-month period. The British Columbia figure is also significantly lower than the comparable purchasing costs of many other jurisdictions.
- At the same time, established time targets for filling purchase orders placed by client ministries were not always met (except emergency orders) over the 12-

month period. High requisition volume for goods used in major provincial projects, together with the time required by ministries for evaluation of bids, were the causes. Redistribution of staff resources was planned for 1985 to correct this situation.

Materiel Administration Branch

FUNCTIONS

- The Materiel Administration Branch includes warehousing, surplus redistribution, Crown asset disposal and technical services.
- The warehouse section makes available to client ministries and Crown corporations commodities obtained through bulk volume purchases as well as providing emergency supplies when required.
- The surplus redistribution section reassigns surplus materiel within government to reduce the need to purchase new supplies and equipment.
- The Crown asset disposal section disposes of materiel which is no longer required, at fair market value.
- The technical services section provides technical audits and product evaluations, and service contract administration, as well as establishing product standards for government.

HIGHLIGHTS

- The warehouse section of the branch developed a commodity classification system for use throughout government. Twenty new line items were added to the warehouse inventory in 1984/85, at cost savings ranging up to 50 per cent.
- The surplus redistribution section reduced new purchase requirements for government in 1984/85 by $1,232,999 through redistribution of surplus items.
- The Crown asset disposal section disposed of assets valued at $4,234,294 in 1984/85, returning the proceeds to either the consolidated revenue fund or to government ministries. This included $70,000 as proceeds of a 'cash and carry' sale of surplus government items.
- The technical services section negotiated $320,458 cost savings in 1984/85, through consolidation of contracts for labour and parts. An additional $299,845 cost saving was achieved in the nine months beginning July 1, 1984 through value added by bulk purchase of parts, loan of rebuilt machines, audit of third party maintenance contracts, and by other cost-saving methods.
- The technical services section maintained an average cost of $70/hr. or less per service call for repair of office equipment, including parts. This compares with an average cost for equivalent servicing performed by the private sector of $105, with necessary parts not included.
- The direct and indirect cost of disposal and redistribution of surplus government materiel in 1984/85 amounted to $430,000 or slightly more than 10 per cent of the $4,234,294 realized in revenue from surplus sales.
- The Materiel Administration Branch participated as a user in the development of a computerized warehousing and inventory system during 1984. Implementation of this asset control system was scheduled for 1985.

Vendor Relations Branch

FUNCTIONS

- The Vendor Relations Branch maintains cooperative working relationships with suppliers, assists in resolving vendor problems, and identifies opportunities for savings in the government purchasing process.

HIGHLIGHTS

- In 1984, the Vendor Relations Branch introduced a consolidated billing and payment process between an oil and gas company and two ministries to reduce administrative costs; and negotiated $400,000 in fuel credit card discounts with oil and gas companies for government ministries and Crown corporations.
- Under an initiative involving the Canadian International Development Agency (CIDA) and the Province of British Columbia, the Vendor Relations Branch provided contracted purchasing services to CIDA. This project has led to fabrication of a sawmill in Indonesia, at the same time creating $2 million in business and employment for British Columbia suppliers.

Policy and Administration Branch

FUNCTIONS

- The policy and administration branch provides general administrative and management services and support, including computer operations within the Purchasing Commission.
- The branch is also responsible for the development and maintenance of procurement and materiel administration policy for the provincial government.

HIGHLIGHTS

- In 1984, the branch was instrumental in initiating the new government Purchasing Council, an advisory body which includes representation from all ministries and three Crown corporations.
- The branch also developed computer systems for technical services and materiel administration functions, and transferred the Purchasing Commission's computer assisted purchasing system to the province of Manitoba.
- In 1984, the branch published a booklet advising businesses how to sell to the British Columbia government, entitled "We Want You On Our Shopping List". The branch also completed a supply catalogue, advising government ministries and Crown corporations of items available at substantial savings in the Purchasing Commission's warehouse and on master standing offers.

INFORMATION SERVICES

INFORMATION SERVICES

FUNCTIONS

- In 1984, the Information Services Branch was responsible for providing information to members of the public relating to the operations of the Finance Ministry and to the economic and financial affairs of the province.
- The branch was also responsible for budgeting of funds applied to ministry publications and, in some cases, for production of the publications. The branch also bears responsibility for advertising undertaken by the Ministry of Finance.

HIGHLIGHTS

- In 1984, the branch continued to respond to written and verbal enquiries from the public on finance-related topics, and to prepare and distribute news releases, and to prepare or assist in the preparation of ministry publications as required.